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RUEHBY/AMEMBASSY CANBERRA 1703
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RUEHKA/AMEMBASSY DHAKA 5075
RUEHNE/AMEMBASSY NEW DELHI 5181
RUEHUL/AMEMBASSY SEOUL 8777
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RUEHCN/AMCONSUL CHENGDU 1668
RUEHCHI/AMCONSUL CHIANG MAI 1982
RUEHCI/AMCONSUL KOLKATA 0516
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C O N F I D E N T I A L SECTION 01 OF 03 RANGOON 000023

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TAGS: [EAID](#) [ECON](#) [EFIN](#) [PREL](#) [PGOV](#) [PINR](#) [BM](#)
SUBJECT: BURMA: PLANNING MINISTER DISCUSSES U.S. POLICY,
ASSISTANCE, THE ECONOMIC CRISIS

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Classified By: Economic Officer Samantha A. Carl-Yoder for Reasons 1.4
(b and d).

Summary

11. (C) The Charge met with Minister of Social Planning and Economic Development U Soe Tha in Nay Pyi Taw on January 5 to discuss assistance issues, the possibility of expanding the Tripartite Core Group (TCG) -mechanism, and the world economic crisis. The Charge laid out USG concerns about Burma's political situation and noted that with meaningful political change, Burma's economic prospects and inflows of foreign assistance would surely increase. U Soe Tha does not support the extension of the TCG mechanism. He said any assistance to Burma should be channeled through the central government. U Soe Tha claims the world economic crisis has had limited impact on Burma, although the drop in commodity prices is hurting Burmese farmers and traders. End Summary.

Burma Can Survive Without U.S. Assistance

12. (C) During a January 5 meeting in Nay Pyi Taw, the Charge informed U Soe Tha that the USG had provided more than USD 70 million of aid in response to Cyclone Nargis and will provide an additional USD 5 million in assistance over the next few months. He noted the success of the Tripartite Core Group (TCG) mechanism in securing visas and access for those assisting with relief efforts. The TCG mechanism will expire in July 2009. The Charge solicited the Minister's views on extending the TCG in either time or scope. U Soe Tha responded, "Nargis is Nargis." He believes the TCG

mechanism is a cyclone emergency response mechanism. He does not support expansion of the TCG. He emphasized that future assistance should flow through existing channels which, in his view, work well. The Charge responded that existing channels are slow, very bureaucratic, inefficient, and do not work well. The TCG has cut through the red tape. He urged the Minister to consider backing assistance procedures that simplify and rationalize policies.

13. (C) U Soe Tha expressed appreciation for USG post-Nargis assistance, but said that "it wasn't necessary." Noting he was speaking frankly, he commented that donors to other countries funnel assistance through the central government. He opined that assistance could only be successful if donors work with and maintain a relationship with the GOB. Donors should not support policies that conflict with the GOB's objectives, he underscored. He complained about sanctions, saying donors pledge to help the people of Burma, but impose sanctions that have the opposite effect. In his view, Burma will survive sanctions, since the GOB "has other allies." Burma, with its 2010 elections, will be making political changes. The United States can make its own judgment if those changes are acceptable.

14. (C) The Charge responded with similar frankness, noting that the international community, not just the United States, has concerns about Burma's human rights abuses and political situation. The U.S. and many other donors funnel assistance outside of government channels in Burma and in a number of other countries because of concerns about non-democratic political processes, bureaucratic impediments, and corruption. Burma, with a wealth of resources, indeed has survived, but it has not progressed anywhere near as much as

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it could have. It needs assistance from others. The CDA added that Burma has much to gain by improving its economic environment and its relationship with the international community. For that to happen, Burma needs to allow the people to play a key role in governance, including by participating in free and fair elections.

Raising Global Fund

15. (C) The Charge briefed U Soe Tha on the USG's position regarding Burma's expected Round 9 Global Fund application, explaining that the U.S. would be supportive of a Global Fund (GF) program if Burma's application adequately addresses the problems that led to the Global Fund's 2005 withdrawal. The Charge noted that currency conversion regulations are within the Planning Ministry's domain and could be an issue if the Global Fund returns to Burma. Also, the United States and the GF would closely watch for any currency depreciation, which happened after Cyclone Nargis due to high levels of assistance entering the country. The Minister understood the concerns and noted his Ministry, which holds a seat on the Country Coordinating Mechanism (CCM) for the GF application, would keep the issues in mind.

No Economic Crisis in Burma

16. (C) When asked about the implications of the world economic crisis on Burma, the Minister stated that while Burma is not immune to the crisis, the impact has not been severe. Burma's banking system is not linked to the international community, insulating Burma from a credit crunch. Declining commodity prices are having some effect on Burmese farmers and traders. Nevertheless, Burma continues to increase its trading volume, so while prices may be lower, increased trade flow ensures that the overall balance of payments is positive. U Soe Tha claimed that most of the Irrawaddy Delta has recovered from Cyclone Nargis, allowing fishermen and farmers to return to their livelihoods. He concluded that while some Burmese have lost money due to

speculation in the commodities market, the majority of
Burmese will remain unscathed by the world crisis.

Comment

17. (C) U Soe Tha is one of only three civilian ministers in the regime government. He has held the Planning portfolio for 12 years and has been a minister since 1992. He has a reputation for being prickly and for being a staunch defender of the regime's policies.- The meeting began at 9 p.m. (having been postponed from late afternoon when a budget session between the Minister and his boss the Secretary 1 extended for five hours). With the late beginning, U Soe Tha was obviously tired, but he was a spirited interlocutor. When stimulated by Charge's comments, the Minister repeatedly offered his "frank" assessments of USG policy. That he believes Burma can keep afloat without international assistance reflects a reality that the regime has been durable. He could not answer the point, though, that Burma's economy has shuffled along at a pace far below its potential. Once the topics turned to Global Fund and economic statistics, U Soe Tha showed a Burmese smile; and at the end of an hour he encouraged the Charge to call upon him again soon.

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DINGER